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September 16, 1997

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

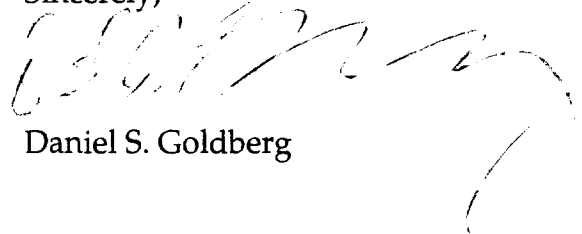
Re: CC Docket Nos. 96-98 and 95-185  
Ex Parte Presentation

Dear Mr. Caton:

This letter reports that representatives of LBC Communications, Inc. (John Williams, Thad Collum, W. Kenneth Ferree and Daniel S. Goldberg) met yesterday with members of the Commission's Common Carrier Bureau (Jay M. Atkinson, Richard Lerner, Edward B. Krachmer, Donald K. Stockdale, Kalpak Gude, and Jake E. Jennings). LBC's presentation is reflected in the attached Talking Points, two copies of which are hereby submitted for the public record in this proceeding in accordance with 47 C.F.R. § 1.1206(a)(1).

If there are any questions in this regard, please contact the undersigned.

Sincerely,



Daniel S. Goldberg

cc: Jay M. Atkinson  
Richard Lerner  
Edward B. Krachmer  
Donald K. Stockdale  
Kalpak Gude  
Jake E. Jennings

Ex parte presentation  
CC Docket Nos 96-98 + 95-18  
(two copies submitted with  
Secretary's Office)

**TALKING POINTS**  
(September 16, 1997)

**I. LBC's Business Plan**

- Access market still is dominated by the ILECs (fewer than 5% of end offices have competitive transport).
- Entry strategy — LBC will use UNEs and microwave facilities (and eventually LMDS facilities) to provide competitive access and local loop services.
- Although LBC intends to rely on its own facilities whenever possible, zoning restrictions and frequency coordination/shortage issues, along with collocation barriers, will force LBC to make use of ILEC facilities in some instances. For that reason, the availability of unbundled transport as a network element is critical for LBC and other CAPs.

**II. CAPs Should Be Permitted To Use UNEs For Pure Transport Services**

- Transport elements are not customer specific. Thus, unlike sub-loop or switching elements, the use of a transport network element does not require the user to provide local exchange and other network functions to the end user.
- The 1996 Act does not prohibit the use of UNEs solely for access services.
- Overly burdensome service requirements will stifle the development of a competitive and functioning CAP market.

**III. The RTIC Should Not Apply When CAPs Acquire Transport On A UNE Basis**

- The RTIC represents the portion of the TIC that an ILEC cannot reallocate to any network element. Thus, all cost-based transport charges that can be assigned to other rate elements have been so assigned.
- A CAP leasing a UNE from an ILEC acquires only a facility; the charge for such a facility, therefore, should include only those costs that can be attributed to it.
- If the RTIC is assessed upon CAPs that do not use ILEC transport services, they will be, in effect, subsidizing ILEC transport services.
- Allowing ILECs to shelter RTIC costs in their PICCs will lead to competitive distortions. RTIC costs are not attributable, but are merely a function of accounting rules designed to ensure ILEC revenue neutrality. Requiring IXCs that do not use ILEC transport to pay ILEC transport costs in the PICCs reduces the incentive for IXCs to use CAP transport services. As the PICC cap increases, this distortion will be magnified.

Ex parte presentation  
CC Docket Nos 96-98 + 95-1  
(two copies submitted with  
Secretary's office)

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(September 16, 1997)

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